



Consumer Affairs Fact Sheet

Consumer Fraud: Telemarketing

AARP
encourages
you to
call the
National
Fraud
Information
Center at
**1-800-
876-
7060**

■ According to Congress, Americans lose an estimated \$40 billion each year due to the fraudulent sales of goods and services over the telephone.

■ The "repeated victimization of the elderly," according to federal law enforcement, is the "cornerstone of illegal telemarketing." AARP found that 56 percent of the names on mooch lists (fraudulent telemarketers call their list of most likely victims a "mooch list") were aged 50 or older.

■ The FBI, attorneys general, and other law enforcement officials across the country report numerous cases of older people losing their life savings to fraudulent telemarketers.

■ There are approximately 140,000 telemarketing firms in the country. Up to 10 percent, or 14,000 of them, may be fraudulent.

Unscrupulous telemarketers who rip off consumers are committing a crime. Many of them intentionally target their illegal scams against older people. These callers may say you are eligible to win a valuable prize, ask for a contribution to a phony charity, or promise to get back money that you lost in an earlier telemarketing scam. A recent federal rule requires that telemarketers give consumers certain information and restricts certain types of phone solicitations.

Here are examples of some typical calls and how they violate the law.

1. THE PITCH: You Are Eligible to Win a Valuable Prize!!

"Congratulations! You can win a car worth \$35,000, \$10,000 in cash, a European vacation, or a diamond necklace worth \$2,000. Your purchase today of our fabulous vitamins will automatically enter you into this amazing sweepstakes."

THE LAW: A Prize is Free!

You need not pay any money or purchase anything to enter a sweepstakes or contest to win a prize. The caller must tell you the "no payment-no purchase" method of entering, and the odds of actually winning or the factors used to calculate the odds. If the caller says you have already won a prize, the caller must also tell you all the key costs associated with claiming the prize. This is important because the costs may be high and may substantially reduce the value of the prize (e.g., you have won a free vacation, but you have to pay \$1,000 or more for airfare).

2. THE PITCH: We Can Get Your Money Back!!

"I was really sorry to hear that you lost money in a telemarketing scam. It's really amazing how some people will call you offering a great deal and then steal your money. But, my company will get your money back for you. All you have to do is give me your credit card number to cover our low service charge."

(over)

THE LAW: You Do Not Have to Pay in Advance!

These so-called "recovery rooms" are just a way to take advantage of you a second time. The caller may work for the same company that stole your money the first time, or may have bought that company's customer list. A caller who promises to recover or assist you in getting back money that you paid, or an item of value you were promised in a prior telemarketing call cannot ask for or receive money from you until seven business days *after* you actually receive the promised money or other item.

3. THE PITCH: Great Loans at Great Rates. Bad Credit No Problem!!

"Today's your lucky day. I'm going to help you qualify for that loan you thought you'd never get. For only a small fee, I will get those late payments removed from your credit record. And, I'll send a courier to pick up your payment, because the sooner you pay the fee, the sooner I can get started."

THE LAW: You Need Not Pay Until You See Proof That Your Credit Record Has Been Fixed!

A caller is prohibited from asking for payment or requiring you to pay for goods or services to remove negative information, or to otherwise improve your credit report, until *after* 1) the expiration of the period for providing you with all the promised goods and services, *and* 2) you receive documentation that the promised results have been achieved, in the form of a report from a credit reporting agency issued more than six months after the promised results were achieved. [Remember too, that you can, on your own and at no cost, get inaccurate negative information removed from your credit report, and also can try to get accurate but outdated negative information removed.]

4. THE PITCH: Magazines at Fantastic Low Prices. Give Me Your Bank Account Number, and They're in the Mail!!

"We've extended this amazing offer one more day, and we have to receive your money by midnight tonight. But don't worry, you can meet the deadline. Just give me your bank account number and I can process your order for the four magazines you want to start receiving right away."

THE LAW: Callers Must Get Specific Authorization From You to Take Money From Your Bank Account!

Many people have learned not to give their credit card number to strangers selling things over the phone. And many other people do not have a credit card. Fraudulent telemarketers know this and now ask for a bank account number instead. They can debit your account and never send you what you have ordered, and also can withdraw as much money as they want. Now, the caller must get your written authorization or tape record your verbal authorization to withdraw a specified amount from your account, or send you a written confirmation of the transaction, *before* attempting to withdraw money from your account. The caller must provide the taped verbal authorization to your bank upon request.

REMEMBER: It can be extremely difficult to tell if a telemarketing call is legitimate. This is especially true when the caller is pressuring you to make an on-the-spot decision and to send money right away. While many callers can make their offers sound awfully good, even too good to pass up, you should not be afraid to take time to make up your mind, or to call the National Fraud Information Center, at **1-800-876-7060**, to check out the company and to get advice.

REMEMBER...

**Fraudulent Telemarketers are Criminals.
Don't Fall for a Telephone Line.**